

# SENATE BILL REPORT

## SB 6560

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As Reported By Senate Committee On:  
Water, Energy & Telecommunications, February 08, 2008

**Title:** An act relating to public utility district contracts.

**Brief Description:** Regarding public utility district contracts.

**Sponsors:** Senators Honeyford, Morton, Delvin and Swecker.

**Brief History:**

**Committee Activity:** Water, Energy & Telecommunications: 1/30/08, 2/08/08 [DPS, DNP].

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### SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

**Majority Report:** That Substitute Senate Bill No. 6560 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rockefeller, Chair; Delvin, Fraser, Oemig, Pridemore and Regala.

**Minority Report:** Do not pass.

Signed by Senators Holmquist and Morton.

**Staff:** Sam Thompson (786-7413)

**Background:** PUD Work Contracting. Public utility districts (PUDs) must contract for work estimated to cost over \$10,000 or work using material costing over \$50,000.

PUD Materials Contracting. Generally, PUDs must contract to purchase over \$10,000 of items of one kind. They must also contract to purchase over \$5,000 of items of one kind in any calendar month.

PUDs may use an informal vendor list contracting procedure when purchasing material of one kind worth over \$10,000 and less than \$50,000. This procedure involves soliciting quotations from at least three vendors on a vendor list whenever possible to assure that a competitive price is established and that a contract is awarded to the lowest responsible bidder. PUDs establish and revise vendor lists by publishing a notice, at least twice a year, soliciting vendors for inclusion on the list.

**Summary of Bill (Recommended Substitute):** PUD Work Contracting. The maximum estimated cost of work done by PUDs without contracting is raised to \$25,000, and the maximum cost of material used in work by PUDs without contracting is raised to \$150,000.

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PUD Materials Contracting. The maximum cost of items of one kind purchased without contracting is raised to \$15,000, and the maximum cost of items of one kind purchased in any calendar month without contracting is raised to \$7,500.

The minimum cost of items of one kind purchased using the vendor list contracting procedure is raised to \$15,000. The maximum cost of items of one kind purchased using that procedure is raised to \$60,000.

**EFFECT OF CHANGES MADE BY WATER, ENERGY & TELECOMMUNICATIONS COMMITTEE (Recommended Substitute):** The proposed maximum cost of material used in work by PUDs without contracting is changed from \$200,000 only for PUDs in counties with fewer than two qualified bidders to \$150,000 for all PUDs. Provisions are added that set new maximums of:

- \$25,000 for estimated cost of work done by PUDs without contracting.
- \$15,000 for materials purchased without contracting.
- \$7,500 for materials purchased in any calendar month without contracting.

A new range of \$15,000 to \$60,000 is established for materials purchased using the informal vendor list contracting procedure. Language providing that these limits apply on a per-calendar month basis is deleted.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: There have been no increases since 1990 in the maximum cost of material used in work by PUDs without contracting, and the current limit of \$50,000 is far too low. A proposed increase to \$200,000 for that limit is based upon the pre-1990 figure of \$30,000, set in 1955, adjusted for inflation. For their own safety, PUD work crews need to be able to conduct more in-house work to refresh their knowledge, skills and abilities. Materials costs in recent years have increased far greater than inflation. The best elements of all three bills should be blended.

CON: Private contractors should do the work that PUD crews seek to do under the terms of this legislation. The proposed new limits on in-house work by PUDs apply to more than just "wire-running;" they apply to construction, plumbing, and other work. While inflation should be acknowledged, the increases proposed are too high and the effect is anti-competitive. Archaic provisions in existing law should be clarified and updated.

**Persons Testifying:** PRO: Senator Keiser; Andrew Munro, Sam Dees, Grant PUD; Bob Wittenburg, Skamania PUD; Bill Dobbins, Douglas PUD.

CON: Larry Stevens, National Electrical Contractors and Mechanical Contractors; Van Collins, Associated General Contractors.